

## Message Text

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22-11

ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 LAB-04

SIL-01 H-02 /093 W

----- 130041

R 132310Z NOV 75

FM AMEMBASSY GUATEMALA

TO AMEMBASSY SAN SALVADOR

INFO SECSTATE WASHDC 8994

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

UNCLAS GUATEMALA 6398

EO 11652: NA

TAGS: EFIN, GT

SUBJ: OPIC INVESTMENT MISSION

SUMMARY: OPIC INVESTMENT MISSION TO GUATEMALA HAD FAVORABLE IMPACT IN PRODUCTIVE MEETINGS WITH GOG OFFICIALS AND BUSINESSMEN, PARTICULARLY WITH LATTER. OPIC OFFICIALS IN MISSION TOOK OPPORTUNITY TO DISCUSS VARIOUS OPIC FINANCING/INSURANCE PROGRAMS WITH ORGANIZATIONS HERE. END SUMMARY.

1. OPIC INVESTMENT MISSION HAD USEFUL VISIT GUATEMALA NOV 8-12. AFTER WEEKEND OF REST AND RELAXATION OUTSIDE THE CITY, GROUP (NOV 10) WAS BRIEFED BY AMBASSADOR AND OTHER MEMBERS OTHER MEMBERS OF MISSION; GIVEN LUNCHEON BY CHAMBER OF INDUSTRY; MET WITH PRESIDENT LAUGERUD; AND WAS ENTERTAINED AT VARIOUS DINNERS HOSTED BY LOCAL BUSINESSMEN.

2. AUDIENCE WITH LAUGERUD AT CASA PRESIDENCIAL LASTED ABOUT UNCLASSIFIED

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20 MINS. SPEAKING IN ENGLISH, PRESIDENT AFFIRMED FOREIGN

INVESTMENT WAS WELCOME IN GUATEMALA AND GRANTED EQUAL BENEFITS AND PROTECTION UNDER LAW. STRESSED HOWEVER THAT FOREIGN INVESTORS MUST OBSERVE LAW AND NOT SEEK SPECIAL CONCESSIONS; ALSO ARE NOT TO DISPLACE GUATEMALAN "SHOPS AND INDUSTRIES".

3. NOV 11, BANK OF AMERICA PUT ON BREAKFAST TO ENABLE MISSION MEMBERS MEET WITH REPS OF AMERICAN CHAMBER OF COMMERCE AND AMERICAN BUSINESS HERE. GOG THEN STAGED TWO-HOUR PANEL SESSION IN VAST BANK OF GUATEMALA AUDITORIUM, INVOLVING MINISTERS OF ECONOMY AND FINANCE, VICE MINS OF ECONOMY AND COMMUNICATIONS/PUBLIC WORKS, PRESIDENT OF BANK, GENMGR OF CORFINA (INDUSTRIAL DEVELOPMENT BANK), GUATEEXPRO (EXPORT PROMOTION AGENCY) AND OTHER GOG OFFICIALS. SESSION RATHER FORMAL AND DID NOT PRODUCE MUCH OF A DIALOGUE. ON ISSUE OF GOG APPROVAL OF OPIC INSURANCE, VICE MIN OF ECONOMY READ FROM 1969 REGS SPECIFYING IN WHAT AREAS INSURANCE APPROVAL WILL NOT RPT NOT BE GRANTED. DID NOT HOWEVER STATE GOG WAS AGAINST OPIC INSURANCE PROGRAM; ANOTHER OFFICIAL REMARKED NO APPLICATIONS FOR INSURANCE SUBMITTED FOR SOME TIME.

4. THAT AFTERNOON MISSION MEMBERS HAD INDIVIDUAL APPOINTMENTS WITH GUATEMALAN BUSINESSMEN, FROM WHICH EMERGED REPORTEDLY AT LEAST ONE PROBABLE CONTRACT AND SEVERAL INTERESTING POSSIBILITIES. THAT EVENING AMBASSADOR GAVE MISSION RECEPTION TO WHICH GOG OFFICIALS, CHAMBER OF INDUSTRY, AMCHAM AND OTHER BUSINESSMENT INVITED. MEETINGS WITH PRIVATE ENTREPRENEURS MUCH MORE SATISFACTORY AND PROMISING THAN SESSIONS WITH GOVT.

5. MISSION LEFT MORNING NOV 12, MINUS SENATOR BENNETT, WHO HAD SUFFERED INDISPOSITION AND WILL BE RETURNING NOV 13 DIRECT TO US.

6. OPIC OFFICIALS HAD INDIVIDUAL CONTACTS WITH ORGANIZATIONS WHICH MAY BE INVOLVED IN OPIC PROGRAM HERE. MAYS AND MANSBACK MET WITH MIN OF ECONOMY PALOMO. MAYS REFERRED TO FIRST DIRECT LOAN ADVANCED BY OPIC HERE (\$200,000 TO NORTH AMERICAN CULVER) AND ADVISED THAT OPIC GUARANTEES OF LARGER LOANS BY US BANKS TO GUATEMALAN UNDERTAKINGS MIGHT BE AVAILABLE.

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ABLE ON A PROJECT-BY-PROJECT BASIS. SUCH GUARANTEES WOULD HELP KEEP INTEREST RATE RELATIVELY LOW AND COULD BE PROVIDED WITHOUT AMENDMENT AT THIS TIME OF 1960 BILATERAL WITH GUATEMALA (COVERING INSURANCE ONLY). MAYS TOLD PALOMO OPIC MIGHT ALSO CO-FINANCE ELIGIBLE US PROJECTS WITH CORFINA AND POINTED OUT THAT SOME OPIC FINANCING WAS IN FORM OF CONVERTIBLE DEBENTURES WHICH COULD BE SOLD BY OPIC TO INTERESTED GUATEMALAN INVESTORS. RE INSURANCE, MAYS INDICATED OPIC

WOULD BE RETURNING TO GUATEMALA AND WOULD LIKE TO MEET WITH NEW CHAIRMAN-DESIGNATE OF OPIC INSURANCE COMMITTEE IN GOG (DE LA TORRE, REPLACING SECAIRA), PLUS COMMITTEE MEMBERS FROM BANK OF GUATEMALA AND PLANNING COUNCIL IN ORDER TO DISCUSS FUTURE OF INSURANCE PROGRAM IN CONTEXT 1969 REGULATIONS. MAYS MADE POINT THAT OPIC INSURANCE AND OTHER PROGRAMS ARE TO ADVANCE ECONOMIC DEVELOPMENT OF RECIPIENT COUNTRY IN ACCORDANCE WITH LOCAL GOVT WISHES, AND CITED AS AN EXAMPLE OPIC'S NO LONGER OFFERING INSURANCE TO VENTURES IN LARGEST URBAN AREAS OF BRAZIL, AWAY FROM WHICH GOB NOW TRYING TO ATTRACT NEW INDUSTRY.

7. OPIC MEETINGS ALSO SCHEDULED WITH FIASA AND FIGSA, LOCAL FINANCIAL DEVELOPMENT ORGANIZATIONS. FIASA IS GUATEMALAN PARTICIPANT IN GROUP OF CENTRAL AMERICAN FINANCIERAS WHO WISH TO EXPAND CAPITAL BY BORROWING FROM US BANKS AND MAY SEEK OPIC GUARANTEE. MEETING, HOWEVER, COULD NOT TAKE PLACE. FIGSA'S AUTHORITY TO LEND HAS RECENTLY BEEN EXTENDED TO \$10,000,000 EQUIV.; THEY HAD RAISED \$7.5 MILLION AND WERE SEEKING REMAINDER IN FORM OF LOAN FROM OPIC. THIS COULD NOT BE GRANTED, OF COURSE, BUT OPIC EXPRESSED WILLINGNESS TO CONSIDER CO-FINANCING WITH FIGSA OF ELIGIBLE JOINT VENTURES.

8. MAYS AND MANSBACK ALSO MET WITH RAUL SIERRA-FRANCO, ASST SEC GEN, SIECA AND DISCUSSED OPIC IDEA OF SETTING UP REGIONAL COOPERATIVE INSURANCE SCHEME SUCH AS ESTABLISHED RECENTLY IN ARAB COUNTRIES, UNDER WHICH OPIC INSURANCE WOULD BE EXTENDED TO US PARTNERS AND SIMULTANEOUSLY REGIONAL INSURANCE TO LOCAL PARTNERS IN GIVEN JOINT VENTURES. SIERRA-FRANCO REFERRED OPIC TO CABEL.

9. EMBASSY FEELS MISSION VISIT WENT AS WELL AS COULD BE  
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EXPECTED. GIVEN SOMEWHAT LOWER LEVEL OF INTEREST IN AND NEED FOR FOREIGN INVESTMENT IN GUATEMALA, THE BACKGROUND OF PRIOR RELATIONS WITH OPIC PROGRAM HERE, THE EVOLVING POLICY OF A HIGHER RANGE OF CRITERIA ON ADMITTING NEW OUTSIDE INVESTMENT, AND ALSO THE PREOCCUPATION OF GOVT OFFICIALS IN COMING IMPORTANT VISIT HERE OF ECHEVERRIA OF MEXICO, GOG RECEPTION OF MISSION ALMOST INEVITABLY WAS MORE DISTANT, LESS ENTHUSIASTIC THAN THAT ACCORDED IN COSTA RICA AND NICARAGUA. STILL, FACT THAT PRESIDENT WILLING TO RECEIVE MISSION, INDIVIDUAL ATTENDANCE BY MIN OF ECONOMY IN PARTICULAR, AND HEARINGS GIVEN OPIC OFFICIALS WERE ENCOURAGEING DEVELOPMENT. CONTACT WITH PRIVATE SECTOR WAS HOPEFUL. VISIT ON WHOLE CAN BE CONSIDERED SUCCESS.

10. EMBASSY LOOKS FORWARD TO FOLLOW-UP REPORTING OUT OF OPIC

ON ANY PROJECTS THAT MIGHT BE DEVELOPED AND STANDS READY TO  
ASSIST IN ANY WAY APPROPRIATE IN REALIZATION OF THEM.  
MELOY

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## Message Attributes

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